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HOUSING AUTHORITY OF THE TOWN OF NEW ROADS, LOUISIANA
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
TWELVE MONTHS ENDED JUNE 30, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-17-96

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report On Financial Statements

Board of Commissioners
Housing Authority of the
Town of New Roads
New Roads, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana at and for the twelve month period ended June 30, 1995. These financial statements are the responsibility of the management of the Housing Authority of the Town of New Roads, Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, General Accounting Office Standards for Audit of Government Organizations, Programs, Activities and Functions for Financial and Compliance Audits, Guidelines for Financial and Compliance Audits of Federally assisted Programs, and the Compliance Supplement to Office of Management and Budget Circular A-128. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. This report is intended solely for filing with the Department of Housing and Urban Development and is not intended for any other purpose.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and surplus of the Housing Authority of the Town of New Roads, Louisiana as of June 30, 1995 and the results of its operations and changes in its surplus for the year then ended, on the basis of accounting described in Note A.

The supplemental data as listed in the Table of Contents has been tested by us as a part of our auditing procedures followed in the audit of the financial statements mentioned above, and in our opinion, it is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated May 23, 1996 on our consideration of Housing Authority of the Town of New Roads's internal control structure and a report dated May 23, 1996 on its compliance with laws and regulations.

Estes and Associates

Fort Worth, Texas
May 23, 1996

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

BALANCE SHEET — STATUTORY BASIS
JUNE 30, 1995ANNUAL CONTRIBUTION CONTRACT
FW — 2004ASSETS

Cash - Exhibit F	\$	55,656.29
Accounts receivable - tenants		2,773.60
Accounts receivable - HUD		935.00
Accounts receivable - other		1,405.00
Investments - Note B		6,185.90
Debt amortization funds		61,043.98
Deferred charges		6,452.76
Land, structures and equipment - Note A & E		<u>1,480,594.91</u>
Total Assets	\$	<u>1,615,047.44</u>

LIABILITIES AND SURPLUS

Accounts payable	\$	3,503.32
Accrued liabilities		15,794.80
Deferred credits		4,260.32
Fixed liabilities - Note F		<u>651,634.65</u>
Total Liabilities		675,193.09
Surplus - Exhibit C		<u>939,854.35</u>
Total Liabilities and Surplus	\$	<u>1,615,047.44</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
ANNUAL CONTRIBUTION CONTRACT
FW – 2004

	Year Ended
	06-30-95
Operating Income	
Dwelling rental	\$ 56,037.50
Interest on general fund investments	1,089.42
Other income	3,050.00
Total Operating Income - Exhibit D	60,176.92
Operating Expenses	
Administration	30,029.86
Utilities	2,945.60
Ordinary maintenance and operation	29,278.39
General expense	26,138.10
Total Operating Expense - Exhibit D	88,391.95
Net Operating Income (Loss)	(28,215.03)
Other Charges	
Interest on notes and bonds payable	33,776.82
Prior year adjustments - affecting residual receipts	2,477.91
Total Other Charges	36,254.73
Net Loss - Exhibit C	\$ (64,469.76)

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1995

ANNUAL CONTRIBUTION CONTRACT

FW – 2004Unreserved Surplus

Balance per prior audit at 06-30-94	\$	(1,058,882.81)
Net loss for the year ended 06-30-95 - Exhibit B		(64,469.76)
(Provision for) reduction of Operating Reserve for year ended 06-30-95 - Exhibit D		15,485.94
Balance at 06-30-95		<u>(1,107,866.63)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 06-30-94		38,223.83
Provision for (reduction of) Operating Reserve for the year ended 06-30-95 - Exhibit D		(15,485.94)
Balance at 06-30-95 - Exhibit F	\$	<u>22,737.89</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

ANALYSIS OF SURPLUS – STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1995ANNUAL CONTRIBUTION CONTRACT
FW – 2004Cumulative HUD Contributions

Balance per prior audit at 06-30-94	\$	1,477,838.14
Adjustment by HUD for debt forgiveness		49,504.53
Annual contribution for year ended 06-30-95 - Exhibit D		57,779.11
Operating subsidy for year ended 06-30-95		15,207.00
Balance at 06-30-95		<u>1,600,328.78</u>

Cumulative HUD Grants

Balance per prior audit at 06-30-94		82,556.68
Advances during the year ended 06-30-95		<u>342,097.63</u>
Balance at 06-30-95		<u>424,654.31</u>
Total Surplus - Exhibit A	\$	<u><u>939,854.35</u></u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The entity is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families. All programs administered by the Housing Authority of the Town of New Roads are included in this report and the Authority is not a part of any other entity.

Basis of Accounting

The accounting records are maintained in accordance with the standards set forth by the U.S. Department of Housing and Urban Development for Public Housing Agencies. These practices differ in some respects from generally accepted accounting principles. Accounting and disclosure practices of the Housing Authority which depart from those required by generally accepted accounting principles are identified below.

1. Accounts receivable from tenants are not stated at net realizable value as required by generally accepted accounting principles. Accounts are written off as collection losses only after the tenant has vacated the unit.
2. Land, structures, and equipment are recorded at cost in accordance with HUD procedures. There is no allowance for depreciation. When assets are retired or otherwise disposed of, the resulting gain or loss is reflected in income for the period. maintenance and repair costs are charged against income as incurred; significant renewals and betterments are capitalized.
3. HUD intends to retire notes through annual contribution contracts. Scheduling of maturities on this debt for the next five years, as required by generally accepted accounting principles, has not been presented, due to HUD not issuing guidance on when this debt will be retired.
4. A statement of cash flows as required by generally accepted accounting principles has not been presented.
5. Governmental fund accounting principles have not been utilized.
6. Annual contributions and subsidies earned from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1995

7. Routinely recurring expenses are recognized when paid and are therefore not accrued. Therefore, the entity does not provide for encumbrances. All budgetary appropriations lapse at the end of the year.
8. Premiums and/or discounts on bonds are recognized in income or expense in the year the bonds were sold.
9. The cost of accumulated unpaid vacation and sick leave is not accrued.
10. Financial statement formats vary from GAAP.
11. Revenues are recognized when they became measurable and available as net current assets. All significant revenue is susceptible to accrual.
12. Expenditures under HUD's comprehensive improvement Assistance Program are capitalized, even though the expenditures are a mixture of repairs, replacements and improvements. Therefore, some amounts represented as Fixed Assets may include costs in excess of value.
13. The entity capitalizes infrastructure assets, such as streets, curbs, sidewalks, drainage system, etc., which are paid for by the entity.
14. Under pre-1987 financing agreements interest expenditures were capitalized. Capital projects subsequent to 1986 are being financed by grants from HUD. Therefore, there are no interest expenditures to capitalize.
15. The entity prepares annual budgets for each program. Each annual budget is approved by the entity's governing body and is submitted to federal regulators for approval. Revisions require approval by the governing body and federal regulators. All budgetary appropriations lapse at the end of the year. The entity prepares its budget on a HUD basis of accounting.
16. Budgets for capital improvements are prepared on a project-life basis rather than on an annual basis.
17. The entity is not subject to federal or state income taxes.
18. The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

NOTES TO FINANCIAL STATEMENTS

(Continued)
JUNE 30, 1995

NOTE B - CASH AND INVESTMENTS

At June 30, 1995, the Authority had invested excess funds as follows:

	<u>Amount</u>
Money Market Account	\$ <u>6,185.90</u>
	\$ <u>6,185.90</u>

Cash and investments are insured as follows:

FDIC Insurance	\$ <u>61,842.19</u>
	\$ <u>61,842.19</u>

NOTE C - ACTIVITIES OF THE PHA

At June 30, 1995, the PHA was managing 60 units of low-rent in one project under Program FW — 2004.

NOTE D - CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1995

NOTE E - FIXED ASSETS

Changes in fixed assets are as follows:

	<u>Beg. of Period</u>		<u>Additions</u>		<u>Deletions</u>		<u>End of Period</u>
Land, land impvts.	\$ 204,697.34	\$		\$		\$	204,697.34
Buildings	820,165.13						820,165.13
Equipment	58,190.35						58,190.35
Costr. in progress	70,507.07		327,035.02				397,542.09
Total	<u>\$ 1,153,559.89</u>	\$	<u>327,035.02</u>	\$	<u>0.00</u>	\$	<u>1,480,594.91</u>

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$ 656,011.00 to be fully financed by grants from HUD. The completed CIAP of \$ 656,011.00 will be transferred to the fixed assets accounts.

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

NOTES F - FIXED LIABILITIES

Fixed liabilities consist of the following:

	<u>Interest Rate</u>		<u>Principal Balance</u>
Bond payable, May 1, 1971 series	5.0 %	\$	<u>651,634.65</u>

The bonds mature in series annually in varying amounts with the final maturity date in 2012. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Fixed liabilities are secured by the land and buildings of the entity.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1995

Changes in fixed liabilities are as follows:

		<u>Bonds</u>
Balance, beginning of period	\$	675,536.62
Principal retirement		<u>23,901.97</u>
Balance, end of period	\$	<u>651,634.65</u>

Schedule retirements of fixed liabilities are as follows:

1996	\$	25,159.64
1997		27,675.61
1998		27,675.61
1999		28,933.59
2000		30,191.57
Thereafter		511,998.63

NOTE G - RETIREMENT PLAN

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes 15 % and the entity contributes 7 %. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended June 30, 1995 was \$ 38,513.76. Contributions to the plan were \$ 4,657.68 and \$ 2,173.44 by the employee and the entity, respectively.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT

FW -- 2004

	<u>Year Ended</u>
	<u>06-30-95</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit B	\$ 60,176.92
HUD operating subsidy	15,207.00
Total Operating Receipts	<u>75,383.92</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B	88,391.95
Prior year adjustments - affecting residual receipts	2,477.91
Total Operating Expenditures	<u>90,869.86</u>
Residual receipts (deficit) per audit	(15,485.94)
Audit adjustments (backed out)	<u> </u>
Residual receipts per PHA before provision for reserve	(15,485.94)
(Provision for) or reduction of operating reserve - Exhibit C	15,485.94
Residual receipts per PHA	<u>\$ 0.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FW — 2004

	<u>Year Ended</u>
	<u>06-30-95</u>
<u>Computation of Accruing Annual Contributions</u>	
Fixed annual contribution	\$ <u>57,779.11</u>
Total Annual Contribution - Exhibit C	\$ <u><u>57,779.11</u></u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS
 STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED
 JUNE 30, 1995

	Project 1992	Project 1993
Funds Approved	\$ 396,711.00	\$ 259,300.00
Funds Expended	<u>337,837.58</u>	<u>59,704.51</u>
Excess of Funds Approved	<u>\$ 58,873.42</u>	<u>\$ 199,595.49</u>
Funds Advanced	\$ 364,949.80	\$ 59,704.51
Funds Expended	<u>337,837.58</u>	<u>59,704.51</u>
Excess of Funds Advanced - Exhibit F	<u>\$ 27,112.22</u>	<u>\$ 0.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

ANALYSIS OF GENERAL FUND CASH BALANCE

ANNUAL CONTRIBUTION CONTRACT

FW — 2004Composition Before Adjustments

Net operating receipts retained:

Operating reserves - Exhibit C	\$	22,737.89
Deferred credits		4,260.32
Excess modernization funds - Exhibit E		<u>27,112.22</u>
		54,110.43

Adjustments

Expenses/costs not paid:

Accounts payable		3,503.32
Accrued payments in lieu of taxes		15,794.80

Income not received:

Accounts receivable		<u>(5,113.60)</u>
---------------------	--	-------------------

General Fund Cash Available

68,294.95

General Fund Cash:

Invested		(6,185.90)
Applied to deferred charges (prepaid insurance, inventories, etc.)		<u>(6,452.76)</u>

General Fund Cash - Exhibit A

\$ 55,656.29

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 1995

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CDFA NO.</u>	<u>GRANT ID NO.</u>	<u>AWARD AMOUNT</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.850	FW- 2004	\$ 15,207.00	\$ 15,207.00 1/
Operating Subsidy	14.850	FW- 2004	57,779.11	57,779.11
NonMajor Program Total 1/			<u>72,986.11</u>	<u>72,986.11</u>
Comprehensive Improvement Assistance Program				
Project 1992	14.852	FW- 2004	292,141.12	292,141.12
Project 1993	14.852	FW- 2004	49,956.51	49,956.51
Major Program Total			<u>342,097.63</u>	<u>342,097.63</u>
Total HUD			\$ <u>415,083.74</u>	\$ <u>415,083.74</u>

1/ The Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of New Roads's bonded indebtedness. This bonded indebtedness was \$ 651,634.65 at June 30, 1995.

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Independent Auditors' Compliance Report Based on an
Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the twelve months ended June 30, 1995, and have issued our report thereon dated May 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. These financial statements were prepared in accordance with accounting principles prescribed by the U. S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority of the Town of New Roads, Louisiana is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
May 23, 1996

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Independent Auditors' Opinion on Compliance with
Specific Requirements Applicable to Major
Federal Financial Assistance Programs

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the twelve months ended June 30, 1995, and have issued our report thereon dated May 23, 1996. These financial statements were prepared in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have also audited the Housing Authority of the Town of New Roads, Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; prohibition of the use of lead based paint in construction contracts; and CIAP procurement compliance that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the twelve months ended June 30, 1995. The management of the Housing Authority of the Town of New Roads, Louisiana is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Housing Authority of the Town of New Roads, Louisiana complied, in all material respects, with the requirements referred to in the second paragraph that are applicable to each of its major federal financial assistance programs for the twelve months ended June 30, 1995.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas

May 23, 1996

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Independent Auditors' Report on Compliance with the
General Requirements Applicable to
Federal Financial Assistance Programs

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the twelve months ended June 30, 1995, and have issued our report thereon dated May 23, 1996. These financial statements were prepared in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have applied procedures to test the Housing Authority of the Town of New Roads, Louisiana's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the twelve months ended June 30, 1995.

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports (Claims for Advances
and Reimbursements)
- Allowable Costs/Cost Principles
- Drug Free Workplace Act
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the Town of New Roads, Louisiana had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
May 23, 1996

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Independent Auditors' Report on Compliance with
Specific Requirements Applicable to NonMajor Federal
Financial Assistance Program Transactions

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the twelve months ended June 30, 1995, and have issued our report thereon dated May 23, 1996. These financial statements were prepared in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In connection with our audit of the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the twelve months ended June 30, 1995, and with our consideration of the Authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the twelve months ended June 30, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; analysis of general fund cash; and operating subsidy eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the Town of New Roads, Louisiana, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
May 23, 1996

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MIKE ESTES, CPA/PFS, CFP

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditors' Report on the Internal
Control Structure in Accordance with
Governmental Auditing Standards

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the twelve months ended June 30, 1995, and have issued our report thereon dated May 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Housing Authority of the Town of New Roads, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Town of New Roads, Louisiana, for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the

American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas

May 23, 1996

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MIKE ESTES, CPA/PFS, CFP

Independent Auditors' Report on Internal Control
Structure Used in Administering Federal
Financial Assistance Programs

We have audited the financial statements of the Housing Authority of the Town of New Roads, Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated May 23, 1996. We have also audited the Housing Authority of the Town of New Roads, Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 23, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Housing Authority of the Town of New Roads, Louisiana complied with laws and regulations, non-compliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1995, we considered the Authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Authority's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated May 23, 1996.

The management of the Housing Authority of the Town of New Roads, Louisiana is responsible for establishing and maintaining internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles, and that federal financial assistance programs are managed in compliance

with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- | | |
|--|---------------------------------|
| Accounting Controls | Administrative Controls |
| Revenues, receivables, and cash receipts | Political activity |
| Procurement, payables, and cash disbursement | Davis-Bacon Act |
| Property and equipment | Civil rights |
| Payroll | Cash management |
| Finance, debt, debt service | Federal financial reports |
| | Allowable costs/Cost principles |
| | Drug Free Workplace Act |
| | Administrative requirements |
| | Types of services - |
| | allowability |
| | Eligibility |
| | Reporting |
| | Costs allocation |
| | Special requirements |

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1995, the Housing Authority of the Town of New Roads, Louisiana expended 82 percent of its total federal financial assistance under major federal financial assistance programs: CIAP.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Authority's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation

of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

Estes and Associates

Fort Worth, Texas

May 23, 1996

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 1995

Prior Audit Findings and Questioned Cost

Prior audit findings #1 and #2 have been repeated below.

Current Audit Findings

Questioned
Cost

1) Finding

Accounts receivable at 6-30-95 were \$ 2,773.60 which is greater than 10% of average monthly rent.

Recommendation

The Authority should aggressively enforce its collection policy and write off amounts when they become uncollectible.

Reply

We will comply with the above.

2) Finding

Per Louisiana Revised Statute 24.513(A)(5)(a) audits are to be completed within 6 months of the close of the fiscal year.

Recommendation

Although the Single Audit Requirements of OMB A-128 provide that audits be completed within one year, the Authority is urged to comply with the State law.

Reply

In the future we will comply with the six month requirement.

HOUSING AUTHORITY OF THE TOWN OF NEW ROADS

SCHEDULE OF ADJUSTING JOURNAL ENTRIES

JUNE 30, 1995

		ACCT. # FOR AUDIT REPORT PURPOSES	DR	CR	ACCT. # FOR POSTING TO PHA BOOKS
<1>	Permanent Notes - HUD	2311	49,504.53		2311
	Cumulative HUD Cont.	2840		49,504.53	2840
	To record HUD debt forgiveness.				
<2>	Interest Expense	5610	16,888.41		6020
	HUD Annual Cont. Rec.	1176		16,888.41	1176

To record remainder of interest for the year.